Trade and Finance

Developments of the Week and Their Bearing on the Outlook

Political considerations have quite naturally held first place in the mind of the financial community during the last week, and, as was to be expected, have served to keep the speculative securities markets in a state of suspended animation. For Wall Street, like the rest of the country, has been waiting anxiously for the naming of the Republican standard bearer, for the time ignoring all other factors. The stock market has kept in what the pofessional would call a "trading area," but all through the dullness has maintained a surprising degree of strength. Industrial shares in the average ended the week at a price level more than seven points above the low of a few weeks ago.

Buying of stocks by the professional element, which has continued to dominate the market, has been based apparently on the rather widespread belief that the outcome of the convention would supply the foundation for a resumption of constructive operations. By the same line of reasoning traders committed to the selling side have refrained from pressing bear operations at this time, in fact, in the closing sessions of the week this faction showed signs of increasing nervousness which was reflected in active covering of short contracts. The market closed the week with the majority of standard industrial shares registering substantial net gains and with sentiment cheerful.

The soundness of the speculative position in stocks was put to a severe test last week, and the market, much to the satisfaction of the bullishly inclined, came through in a manner that in the opinion of most observers augured well for the future. In the first place the persistency with which call money rates kept at abnormally high levels—on Thursday a high rate of 12 per cent obtained—emphasized the short credit rations upon which the Street is working and gave the trading element something to worry about. Yet stocks maintained a quiet show of strength through the period of stringency and the high money rates induced little if any real selling. The other unfavorable development which gave the Street concern was the unexpected reduction in the preferred and common stock dividends of the Chicago & Northwestern Railway, a road which had maintained its disbursements to stockholders on the same basis for nearly forty years. The news came as a shock, and temporarily affected the market position of other standard dividend paying rails, particularly the shares of systems operating in territory adjacent to the Chicago & Northwestern. But such selling soon slackened and stocks afterward gave a good account of themselves.

Assuming for the sake of argument that the stock market develops rising strength as a result of the Republican convention and developments growing out of the Chicago meeting, the question that naturally arises is, How far would such a movement go before the shortage of money would compel a slackening of speculative effort for the advance? The best opinion in the financial district is that it would be rather foolish for those in control of the destinies of the stock market to attempt to stage a broad bull market at this time. It is pointed out that the times are not propitious for an active speculation, and that beyond a moderate exhibition of strength no great expansion of activity in the direction of higher prices can be expected. Certainly no one who has a first-hand knowledge of industrial and financial conditions could hope for a repetition of the great markets of 1919. In all discussions of market possibilities the matter of money naturally occupies a position of first rank. There is not sufficient credit available to take care of legitimate business needs without considering the needs of a big speculative market. Shortage of credit, however, obviously would not prevent moderate degree of activity in stocks, and so those on the constructive side are hopeful of better things in the course of the next few weeks.

Among the special groups of stocks which have lately been displaying strength is that comprising the shares of the railway equipment manufacturing companies. All signs point to plenty of business for the equipment companies for a long time to come, for the reason that the railroads are short of rolling stock and must buy if the transportation lines are to keep pace with the needs of the country. The railroads have been falling behind in the matter of equipment supplies for several years. Between 1906 and 1916 approximately 150,000 new freight cars were put into service annually on the average, while 80,000 to 85,000 were retired each year. In the years from 1917 to 1919 inclusive the new cars put into service averaged less than 100,000 a year, this in a period when the pressure upon the railroads had increased enormously. The present shortage of locomotives is estimated at 3,000.

The news about soaring rates for the use of money is a continued story. Last week the Treasury of the United States, seeking $100,000,000, offered to pay the highest interest charge in half a century. The new certificates of indebtedness will bear 5¾ and 6 per cent interest. Only a few weeks ago the government was still getting funds at 4¾ per cent. Subsequently each issue bore a higher rate, as the Treasury sought to keep up with the demands of the rising market. Predicting when the peak of a movement has been reached is always dangerous, but even cautious bankers are inclined to think that 6 per cent is close to a top rate for the Treasury to pay.

Discussing the need for balanced production, the Mechanics and Metals National Bank in its June review says: "The result of the shortage of labor is not only to limit production because of insufficient man power, but by giving the men a feeling that they can always get work it reduces the production per man. Immigration would tend to help this, and it is significant that immigration authorities report that foreigners are coming to this country as fast as the limited transportation facilities can bring them, and that there is every evidence that even with the post-war passport restrictions there would be the greatest rush of people to this country ever known if there were only ships to bring them. But as at present the supply of labor and materials and capital is strictly limited, our attention, once we get labor to recognize the necessity for maximum production, would better be given to seeing that production is properly directed, that it is not misguided, that we have maximum production of the right things, and not of the wrong things. A restoration of government restrictions and 'priorities,' though it may now be forced by the railroad congestion, is to be avoided where possible. Such restrictions are usually clumsy and arbitrary, tie business in a tangle of red tape and are often stupid. There is no danger of a general 'overproduction.' But a condition of unbalanced production already exists, and this condition threatens to become more serious unless it is recognized in time and the proper remedy—voluntary thrift—applied."

On the basis of last week's bulletin of the Department of Agriculture the per capita production of wheat in the United States this year will slightly exceed seven bushels. The indicated yield of winter and spring wheat is 781,000,000 bushels. This should be sufficient to care for all needs, especially in view of the fact that the export demand will likely show a further falling off compared with previous years. Crops generally are showing improvement.

Effects of high costs and labor shortage are seriously hampering building operations, so much so that the number of new permits in May for the country at large shows the first falling off in two years and the value of projected building is the smallest indicated in twelve months. An indication of what the building trade has to contend with in the shape of competition for materials and labor is set forth by a trade authority as follows: "The demand for sheet steel by the automobile industry has been so great that it has handicapped expanded metal-lath business and the price of wood lath has gone up from $3.50 to $23. It is said that almost the entire year's available supply of six-inch pipe has already been bought by the automobile industry. Labor, which formerly worked in the cement quarries in Bay City, Mich., in the summer and in the lumber camps in the winter, has gone to the automobile industry in Detrot. One automobile concern alone is handling ten cars a day of freight into Chicago, while the building industry cannot get roofing material through to roof buildings partly constructed."

Aid of Reserve Board Asked

Bankers Advise Support in Developing Acceptances

The support of the Federal Reserve Board is vital to the development of bankers' acceptances and without it the system would be imperiled, according to a statement issued yesterday by the American Acceptance Council. This conclusion was reached by the executive committee, of which Paul M. Warburg is chairman, in answer to a questionnaire sent out by the board seeking information on all phases of the use and operation of acceptances including rates, market conditions and methods of handling.

"Unless the Federal Reserve Board," the statement said, "put itself heart and soul behind the untrammeled development of acceptances as a prime investment of banks and Federal Reserve banks the future safe and sound development of the system will be jeopardized."

The questionnaire was the outgrowth of an important conference which members of the board held with bankers and dealers in acceptances last April.

Belgian Banks Aid Commerce

According to the annual report of the Bank Caisse de Reports et de Dépots, Belgian banks have put at the disposition of commerce and industry credits of £4,000,000, $50,000,000 and 31,000,000 Swiss francs. The part taken by the Caisse de Reports in these three operations amounts to a total of 11,400,000 francs. The participation of these banks is covered by the guaranty of the government.

Week's Stock Transactions

Summary of Stock Exchange Dealings

(Copyright, 1920, New York Tribune Inc.)

	Last week.	Week before.	Year ago.	January 1 to date. 1920.	1919.	1918.
Railroad stocks	509,800	466,200	1,217,100	21,211,800	21,711,200	14,701,400
Other stocks	1,820,900	1,555,900	7,060,200	101,885,200	100,074,500	54,644,300
All stocks	2,330,700	2,022,100	8,277,300	123,097,000	121,785,000	69,345,700

	Last week.	Week before.	Year ago.	January 1 to date. 1920.	1919.
U. S. government bonds	$68,091,000	$47,251,000	$51,168,000	$1,511,574,000	$1,155,997,000
Railroad bonds	6,878,000	5,426,000	9,702,000	167,014,000	164,910,000
Other bonds	8,996,000	8,050,000	7,069,000	189,994,000	180,840,000
All bonds	83,966,000	60,677,000	67,939,000	1,868,582,000	1,501,747,000

Record of Stock and Bond Averages

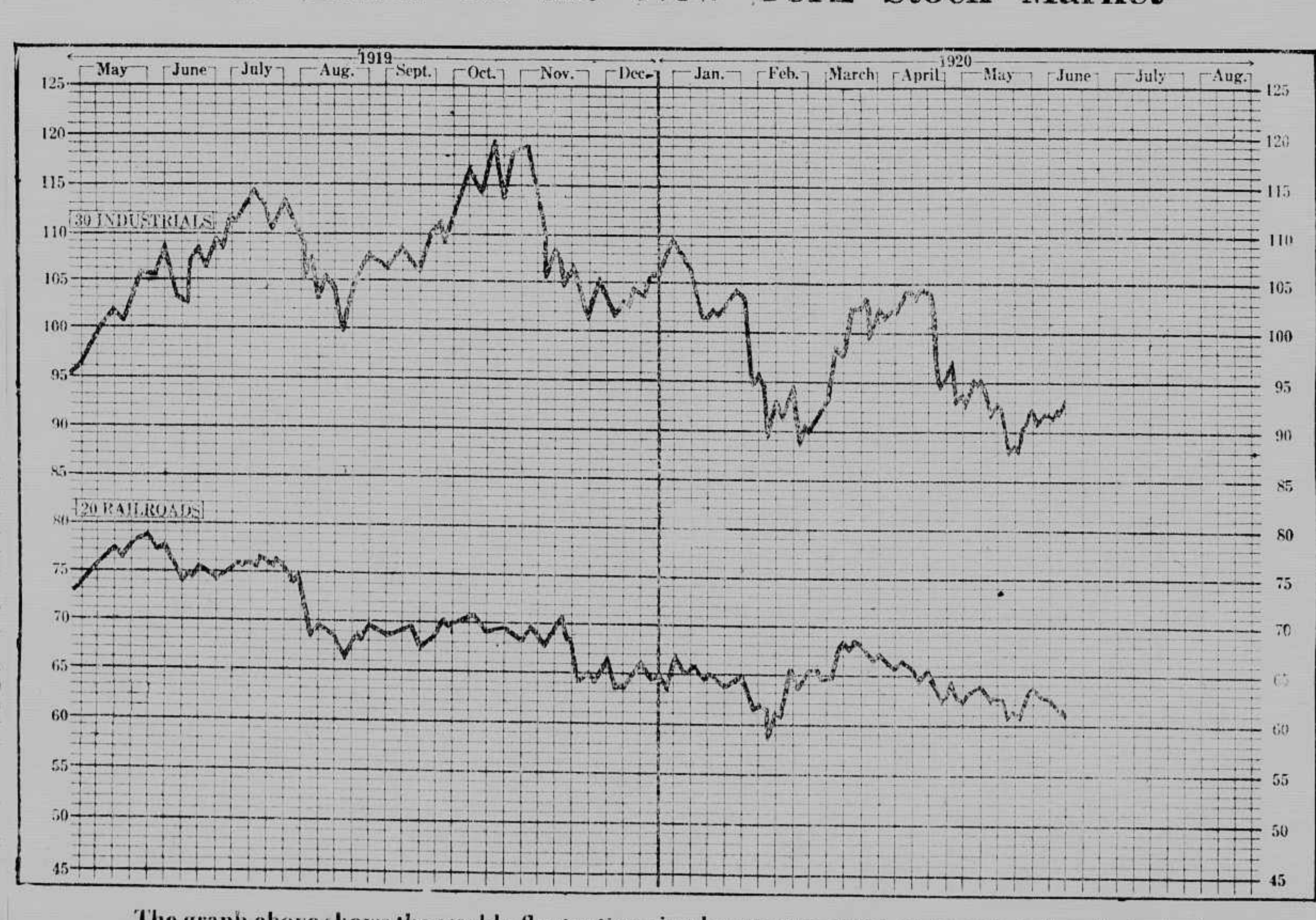
(Copyright, 1920, New York Tribune Inc.)

	Last week. High.	Low.	Year ago. High.	Low.	Range thus far 1920. High.	Low.	Range full year 1919. High.	Low.
Stocks								
20 Railroads	62.05	60.75	77.25	74.40	68.70	58.60	78.80	63.35
30 Industrials	93.23	91.33	108.83	104.33	110.30	87.93	119.33	79.20
50 Stocks	80.44	79.60	96.20	92.36	92.05	76.96	99.54	75.92
Bonds								
10 Railroads	69.11	68.66	80.60	80.28	76.28	65.73	82.80	72.83
10 Industrials	84.22	83.31	95.52	95.42	91.45	83.71	95.70	90.56
5 Utilities	70.00	69.65	85.52	85.02	74.53	68.34	87.75	71.80
25 Bonds	75.23	74.72	87.48	87.35	81.71	73.94	87.91	80.21

High 1920.	Date.	Low 1920	Date.	Div. in $.		Sales.	High.	Low.	Close.	Net chge.
46	Mar 31	25	Feb 11	—	Adams Express	800	31	29¾	31	+1
46⅝	Mar 29	25½	May 20	—	Advance Rumely	900	35½	35	35	+1
72	Jan 12	61	May 21	6	do pf	500	65	64½	65	—
88¾	Jan 5	63½	May 3	6	Ajax Rubber	400	67	63	66	−1
2⅜	Mar 24	1¼	May 20	—	Alaska Gold Mines	1000	1½	1½	1½	−⅛
3	Mar 31	1⅜	Feb 3	—	Alaska Juneau	400	2⅛	2⅛	2⅛	—
120	Jan 3	103½	May 24	7	All Amer Cable	12	102	102	102	—
53⅞	Jan 3	30½	May 24	1	Allis Chalmers	3100	38⅜	37	38⅜	+⅛
92	Jan 3	74¼	May 21	7	do pf	400	78	77	77	+2
95	Jan 30	76	May 20	8	Am Agri Chem	200	87½	85¼	87½	+3⅛
48½	Apr 1	39	Feb 13	3	Amer Bank Note	200	40	39⅞	40	+⅛
103¾	Apr 16	74¾	Feb 13	8	Amer Beet Sugar	1700	91⅜	90	91	+¾
128¾	Jan 2	101	May 12	10	Am Bosch Magneto	1100	119½	115½	118	+2
105	Apr 9	84¾	May 26	7	Am Brake Shoe & F	1380	89⅞	86¾	89½	+4½
61¾	Jan 3	35½	May 24	—	American Can	9600	41⅝	38¼	41⅜	+2
101	Jan 2	89⅛	May 14	7	do pf	200	91⅞	91½	91⅞	+1
147⅜	Apr 9	124⅛	Feb 25	12	Am Car & Fdry	11900	143½	138⅛	143	+2
54⅜	Jan 3	39⅞	Mar 1	4	Am Cotton Oil	1200	44¼	42½	44	−¼
86	Mar 26	79	June 4	6	do pf	700	79¾	79¾	79¾	—
15⅛	Jan 14	11½	June 11	.80	Am Drug Syndicate	4300	12	11½	11½	−½
175	Mar 31	95	Feb 6	6	American Express	300	135	130	135	+8
30⅜	Jan 2	15¼	May 20	—	Am Hide & Leath	700	18⅛	17⅞	18	—
122	Jan 3	85¼	May 24	7	do pf	1200	92½	*90½	*90⅞	+⅞
53½	Mar 19	38	Feb 5	4	American Ice	100	45	45	45	−1
120½	Jan 3	80¾	May 24	6	Am Interna Corp	7100	88¾	84½	88¼	+2
14½	Jan 22	10½	June 8	1	Am-La Fr Fire Eng	500	10¾	10½	10½	−⅛
95	Apr 7	74	Feb 13	3	American Linseed	1200	83¾	*80⅝	83¾	+1
109¼	Apr 8	82	Feb 13	6	Am Locomotive	31900	100⅛	95	*98¾	+1½
107	Mar 9	94	June 4	7	do pf	500	99½	97½	97½	+1
16½	June 11	11⅝	Apr 15	—	Am Safety Razor	24900	17	15	16¾	+1⅜
30½	Jan 5	16¾	Feb 13	—	Am Ship & Com	16200	25¾	24	24⅝	+⅜
72	Jan 3	56	Feb 13	4	Amer Smelting	3900	61⅛	59⅛	60⅝	+1¾
100¼	Jan 13	89	May 21	7	do pf	500	90½	89⅞	90½	+½
83	Mar 30	74½	May 24	6	do pf A	100	76⅞	75½	76⅞	+1⅝
50	Mar 22	35	May 20	3	Am Steel Fdry	3500	40	39	40	+⅜
93½	Jan 10	86	May 20	7	do pf	200	87	87	87	—
142⅝	Apr 15	122	June 7	7	American Sugar	5550	125½	122	125	—
118¾	Jan 20	102	May 20	7	do pf	100	108¾	108¾	108¾	+¾
106¾	Mar 22	77	Feb 13	10	Am Sumatra Tob	4600	90	87	89¾	+⅞
105	Apr 12	84	Feb 16	7	do pf	100	85½	85½	85½	−4
52	Jan 5	46¼	June 11	5	Am Tel & Cable	100	46¼	46¼	46¼	−1¾
100¾	Mar 18	92⅛	May 22	8	Am Tel & Tel	4700	94¾	94	94¾	+⅜
97¾	Jan 7	85¼	May 20	6	Am Tob pf new	600	87	86¼	86¼	−2
74⅝	Jan 3	51⅞	May 20	5	Am Tob Sec Corp	15500	59	56	56	−2¾
165½	Jan 2	94⅛	May 24	7	American Woolen	25700	104¾	96¾	100½	+1¾
1½	June 9	⅜	June 7	—	do rts	11300	1½	⅜	1	−¼
105½	Jan 29	95⅛	May 28	7	do pf	300	96	95¼	96	+⅞
61⅜	Jan 3	38	Apr 30	—	Am Writ Paper pf	500	44	43⅜	43½	+¼
21¾	Jan 10	12¾	May 20	—	Amer Zinc & Lead	200	14¼	14	14	−¼
59½	Jan 9	45	June 9	6	do pf	200	45	45	45	−3
66½	Apr 6	54	Feb 13	4	Anaconda	4500	57½	55⅞	57½	+⅛
17	Feb 26	7	Jan 17	—	Ann Arbor	100	12	12	12	+2
67¼	Jan 3	28	May 25	4	Asso Dry Goods	600	35	32¾	34¾	+3¾
75	Jan 23	55	May 24	6	do 1st pf	100	58	58	58	+2½
86½	Mar 10	76	Feb 11	6	At Top & San Fe	6100	80	78¾	79	−¾
82	Jan 3	72	May 20	5	do pf	1400	75	73½	74	—
8⅞	Feb 25	5	Apr 21	—	Atl Birm & Atl	200	7¼	7	7¼	—
93	Jan 7	84	Feb 11	7	Atlantic Coast Line	1300	87	86⅛	86⅞	+¼
176½	Jan 5	137	Feb 26	10	Atl Gulf & W I S S	19200	167	162½	165⅛	+⅜
1570	Mar 15	1140	May 6	20	Atlantic Rfg Co	1	1275	1275	1275	−25
114	Feb 27	103	May 25	7	do pf	100	105	105	105	−1
24	May 27	23⅞	May 27	—	Austin Nichols	500	24	24	24	—
148⅝	Apr 9	103½	Feb 13	3½	Baldwin Locomo	129100	120⅞	113⅝	113	+2
102½	Jan 5	97	June 7	7	do pf	200	97	97	97	+2
38⅞	Feb 24	27⅝	Feb 13	—	Baltimore & Ohio	7981	32¼	31	31	−⅝
49⅞	Jan 24	40⅞	May 24	4	do pf	1400	42⅞	42⅛	42¼	−⅝
50⅛	Mar 25	40	Apr 23	2½	Barnsdall A	500	42	40	40	−3¼
43½	May 17	35	June 4	2½	do B	500	37½	37	37½	−2½
135	Apr 23	114	Mar 3	8	Barrett Company	15400	135	125	132	+6⅞
32½	Apr 9	17½	Feb 11	—	Bethlehem Motors	10600	23⅜	20¼	22½	+1
96⅝	May 7	77½	Feb 27	5	Bethlehem Steel	1700	91	87¼	90½	−1¼
102½	Jan 3	81½	Mar 26	5	do Class B	29900	93⅜	89	93⅜	−2
102¼	Feb 24	95	Apr 19	7	do 7th pf	200	97¼	97	97¼	−4
114	Jan 5	105	May 21	8	do 8th pf	400	110½	110	110	+3¼
15	Jan 10	7¼	May 17	—	Booth Fisheries	900	9	8¼	8¾	−1⅛
17	Mar 15	10⅝	Feb 10	—	Bklyn Rap Tran	1400	12⅞	12	12½	+½
13¼	Mar 15	6¾	Jan 5	—	do ctfs	700	9⅞	9½	9⅞	+⅝
62	Mar 20	49½	Feb 5	—	Bklyn Union Gas	200	51	51	51	+¾
118¼	May 4	93	Feb 27	7	Brown Shoe	600	96	95	96	−9
70	Apr 19	65	June 8	7	Buffalo & Susq	100	65	65	65	−¾
129	Apr 7	93	Feb 4	10	Burns Bros	100	109	109	109	−1½
11½	Jan 9	6¼	May 20	—	Butte Copper & Zinc	700	8¾	8¼	8¼	−½
29¼	Jan 12	20	May 20	—	Butte & Sup Cop	700	23¼	22¼	22¾	−¾
27¼	Jan 5	12	May 21	—	Butterick	400	13⅞	13⅞	13⅞	−⅛
28⅜	Jan 5	15¼	May 20	—	Caddo Oil	800	17	16¼	17	—
85½	Jan 28	68	May 21	6	Calif Packing	500	70	69	70	+⅛
46	Jan 3	26	May 21	—	Calif Petroleum	1400	30¼	29¼	30¼	+½
75½	Jan 6	65	Feb 10	7	do pf	400	69¼	69	69	+2
134	Jan 3	110	May 20	10	Canadian Pacific	5434	114⅜	111¾	113¾	+1
101	Jan 24	93	May 20	7	Case J I pf	100	94¾	94¾	94¾	+1¼
104¾	Jan 5	62⅝	May 24	5	Central Leather	7600	69⅛	64⅞	67¼	+¾
108½	Jan 5	99⅞	June 8	7	do pf	200	100	99⅞	99⅞	−⅛
61⅜	Jan 3	40⅛	May 24	4	Cerro de Pasco	2200	44¼	43	43¾	+¼
62	Jan 7	40	May 20	4	Certainteed Corp	1500	55¼	52⅜	55¼	+2¼
164¾	Mar 29	101	June 10	10	Chandler Motors	15200	134½	*101	*103	+4¾
59½	Mar 10	47	Feb 13	4	Chesapeake & Ohio	1500	52	51	51	−1¼
27⅛	Feb 28	19⅞	May 20	2	Chic Gt West pf	200	21¾	21	21¾	−1¼
42½	Mar 11	30¼	Feb 6	—	Chic Mil & St Paul	4500	33¼	31⅞	31⅞	−1⅝
61½	Mar 11	45	Feb 13	—	do pf	6900	51¾	48½	49¼	−2⅜
91½	Mar 12	69	June 10	5	Chic & Northwest	17800	81½	69½	70	−12½
120¾	Jan 13	99⅞	June 9	7	do pf	2600	101½	99⅞	100	−13
111⅞	Apr 8	78	Feb 26	8	Chic Pneum Tool	300	90	86	90	+4½
41⅜	Feb 23	23½	Feb 13	—	Chic Rock I & Pac	29700	37⅝	35¾	36¼	−5¼
66½	Mar 1	64	Feb 11	6	do 6 p c pf	1100	64	63	64	—
78	Feb 21	64½	Feb 13	7	do 7 p c pf	700	74	73¼	73½	−4¼
21¼	Jan 3	14¼	May 20	—	Chile Copper	6200	16⅜	15⅝	16	—

Continued on page 14

Price Trend on the New York Stock Market



The graph above shows the weekly fluctuations in the average price of twenty railroad stocks in one line and thirty industrial stocks in the other since January 1, 1919.